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FISCAL IMPACT STATEMENT

LS 7296

BILL NUMBER: HB 1258

NOTE PREPARED: Jan 19, 2015

BILL AMENDED:

SUBJECT: Grant Program for Hiring Ex-offenders.

FIRST AUTHOR: Rep. Shackelford

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Indiana Housing and Community Development Authority (IHCDA) to establish a grant program to encourage the hiring of certain qualified individuals. It specifies that the amount of the grant is \$3,000 for each qualified individual a person hires during the previous state fiscal year. The bill provides that the aggregate amount of grants allowed per state fiscal year may not exceed: (1) \$1.0 M, for qualified individuals hired in FY 2016; or (2) \$2.5 M, for qualified individuals hired in FY 2017. It requires a report on the grant program before August 1, 2017. It provides that grants are exempt from the Indiana Adjusted Gross Income (AGI) Tax. It makes an appropriation.

Effective Date: July 1, 2015.

Explanation of State Expenditures: *Grants for Hiring Qualified Individuals:* The bill establishes a program to provide grants to employers who hire a qualifying individual who has been convicted of a felony. The bill annually appropriates an amount sufficient to carry out the program.

The grant equals \$3,000 per qualifying individual hired in Indiana during the previous fiscal year. An employer must submit an application to the IHCDA no later than September 1 to receive funds for qualifying individuals hired in the previous fiscal year. The grants are awarded in FY 2017 for qualified employees hired in FY 2016, and the total grants awarded in FY 2017 may not exceed \$1 M. The aggregate grant limit increases to \$2.5 M each year for employees hired beginning in FY 2017. The increased grant limit will impact grants awarded beginning in FY 2018.

Indiana Housing and Community Development Authority (IHCDA): The bill establishes a new grant program to be administered by the IHCDA. The bill's requirements represent an additional workload and/or

expenditure on the agency outside of the agency's routine administrative functions. However, the IHCD's existing staffing and resource levels may be sufficient for full implementation.

Joint Report: The bill requires the IHCD and the Indiana Department of Corrections to submit a joint report on the use and effectiveness of the grant to both the Governor and the Legislative Council. The deadline for the report is August 1, 2017. The bill's reporting requirements are within the routine administrative functions of these agencies and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Additional Information - The bill defines a qualifying individual as person who has been convicted of a felony under federal or state law and is hired within 12 months of the individual's release date from prison or the date of the individual's most recent felony conviction, whichever is later.

The number of potential qualifying hires in 2013 is estimated to be approximately 34,900. Assuming the population remains the same, the grant's FY 2017 limit of \$1 M would be reached if 0.96% of the number of qualified individuals (about 333 individuals) are hired in FY 2016. After that, if 2.4% of the estimated number of qualified individuals (about 833 individuals) are hired annually, the grant would reach the maximum limit of \$2.5 M for each year beginning in FY 2018. The population estimates are based on data from the U.S. Census Bureau, Indiana Department of Correction, and a study published by the Center for Economic and Policy Research.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Department of Correction; Indiana Housing and Community Development Authority.

Local Agencies Affected:

Information Sources: Indiana Department of Correction, *Calendar Year 2013 Year End Review - Offender Population Statistical Reports*; Schmitt, John and Kris Warner, *Ex-offenders and the Labor Market*, The Center for Economic and Policy Research, November 2010; U.S. Census Bureau, *Table DP03:Selected Economic Characteristics - Indiana, 2008-2012 American Community Survey*, accessed on November 26, 2014.

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